

# GfK optimistic for 2013 as a whole after subdued Q1

NUREMBERG, GERMANY: The GfK Group has closed the first quarter of financial year 2013, recording sales growth while income was down year-on-year.



Sales rose by 0.8% to €347.9m. Both the Consumer Experiences and Consumer Choices sectors contributed to the sales increase. A sharp rise was recorded in the Asia and the Pacific and Central Eastern Europe/META regions. Adjusted operating income decreased by €10.6m to €23.0m compared with the previous year's quarter. Accordingly, the margin of 6.6% was below the level achieved in the same quarter of the previous year (9.7%). Following the subdued start in the first two months of 2013, income and the order situation improved considerably in March. GfK confirms its targets for the year as a whole.

As part of the new Own the Future corporate strategy, synergy resources were established in the first quarter, which will enhance the competitiveness of GfK and improve growth potential in the medium and long term. However, this resulted in increased cost in the short term. These measures include global service centres as well as a uniform global CRM system that optimises client management, which has already been in operation in a number of countries since the beginning of this year. Regional and local organisations have been geared to marketing new global core products. In product management, new processes have been implemented to ensure further standardisation in the range of products and services. These measures have generated potential for future sales growth while also improving cost effectiveness.

"Although the restructuring measures and the subdued sales growth at the start of the year are having an impact in the short term, we are confident that this will be offset through stronger growth in the following quarters. We are therefore confirming our targets for the year," comments Matthias Hartmann, CEO of GfK SE.

## Sales increase in both sectors

The Consumer Experiences sector generated 0.6% growth and Consumer Choices 1.4%. In the Consumer Experiences sector, acquisitions accounted for an additional 1.9 percentage points, although sales in organic terms were down by 0.4 percentage points. The Consumer Choices sector recorded organic growth of 2.2 percentage points while currency effects had a negative impact of 0.9 percentage points.

## Growth in strategic regions

The GfK companies in Asia and the Pacific increased sales by 6.1% to €35.6m. Organic growth amounted to as much as 10.6%, although currency effects of -4.5 percentage points had the opposite effect.

In Central Eastern Europe/META (Middle East, Turkey and Africa), GfK again recorded significant sales growth. The Group achieved a 12.6% increase in sales to €30.1m in the first three months of 2013. Organic growth of 10.9 percentage points accounted for the major contribution to growth.

## Key figures

Compared with the outstanding first quarter of 2012, sales were up by 0.8% in total to €347.9m. Organic growth amounted to 0.6 percentage points. Acquisitions pushed up sales by 1.2 percentage points, whereas currency effects impacted negatively with 0.9 percentage points.

Adjusted operating income totalled €23.0m in the first three months of 2013, which represents a decrease of €10.6m on the same figure for the previous year of €33.5m (-31.5%).

Consequently, the Group's margin was also down to 6.6% (same quarter in the previous year: 9.7%).

## **Outlook**

The March improvement in the level of incoming orders mentioned above continued in April. The Consumer Choices sector virtually closed the gap in April already to match the level of orders received of the previous year. The Consumer Experiences sector also recorded an improved order situation. In view of this, the Management Board remains confident that GfK will once again outperform the market research industry in 2013 and be in a position to gain market shares. In 2013, GfK will continue to drive forward the optimisation of the Group's structure and implementation of its strategy.

This is likely to impact favourably on the future business trend. Provided that the economic situation will not worsen, GfK anticipates organic growth of between 3% and 4% in the current financial year. Despite the unsatisfactory income trend in the first quarter of 2013 and scheduled expenses for business development, GfK's Management Board expects to achieve the forecast for the year as a whole, which was published in March, and a profit margin (adjusted operating income in relation to sales) of around 13%.

Following the subdued start in the first two months of 2013, the level of incoming orders has developed well since then. At the end of March 2013, the order book already covered 55.1% of annual sales required to achieve the forecast for the year as a whole (2012: 57.5% of annual sales achieved).

For more, visit: <https://www.bizcommunity.com>